

USAID/Morocco

Annual Report

FY 2005

June 16, 2005

Please Note:

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Morocco

Performance:

For USAID/Morocco, FY 2004 was a very intense and challenging year, because of the transition between two strategies. This transition, coming two years earlier than initially anticipated, was made necessary because of the change in U.S. strategic interests in the country, primarily the negotiation of a free trade agreement and the higher priority placed on supporting the Government of Morocco's efforts and measures to confront terrorism. A one year overlap of old and new strategic objectives was also necessary, to allow the soft landing of curtailed activities. The Mission had to smoothly close-out five strategic and special objectives and design new activities, while managing a 50% reduction in force. When fully complete, it is expected that the number of management units will be dramatically reduced (no more than 10 as of the end of FY 2005).

Despite this background, activities continued to yield positive results, as summarized below.

-- Increased opportunities for domestic and foreign investment (Strategic Objective 5): Excellent progress has been made in improving the overall business environment, e.g., services provided by courts and the regional investment centers, and in expanding linkages between Moroccan and American businesses. A notable success occurred in December 2003 with the amendment to the Microfinance law that allows microfinance institutions to provide housing loans. Through the Development Credit Authority, USAID helped MFIs began raising up to \$28 million in private, commercial loans for on-lending to microenterprises. Progress was slower on the rural tourism program, due in part to the difficulty of coordinating actions among many public and private sector partners at both the national and local levels.

-- Improved water management in the Souss-Massa river basin (Strategic Objective 6): During the last year of this program, activities under this strategic objective continued to make significant progress in the four components of the project. Largely as a result of USAID assistance, water - the most scarce resource in the in the Souss-Massa River Basin, home to 2.2 million people - is now managed more equitably, sustainably, locally, and in a more transparent manner. Moreover, the integrated water resources management model that has emerged will be used as a national model for eight other river basins in Morocco.

-- Key interventions promote sustainability of population, health and nutrition activities (Special Objective 7): This special objective was closed-out on September 2003, except for some residual activities, including a close-out report (enclosed).

-- Improved attainment of basic education for girls in selected rural provinces (Special Objective 8): Accomplishments have far exceeded expectations. The Morocco Education for Girls (MEG) project, the largest activity under this SpO, not only demonstrated increase in girls' 6th grade enrollment in pilot schools, it provided the Moroccan education system with high quality training materials in Arabic and built its training capacity through training-of-trainers programs. At the end of FY 2004, the Ministry of National Education has adopted 19 out of the 21 SpO8-developed training modules and an important number of them have been incorporated into the national training program for all new primary school directors, which is entirely composed of SpO8-developed training materials and methodologies.

-- Increased capability and active participation of civil society in support of citizens rights (Special Objective 9): This special objective was both causative and reactive to evolving opportunities. USAID made significant contributions to the evolving political environment and impetus for decentralization and devolution of central authority to regional and local levels of government. USAID assistance directly informed the reform of the local tax structure which was implemented in FY 2004. The nine activities

managed through both international and local grants showed excellent results in connecting citizens to government at the local and national levels. These short-term, cross-cutting activities undertaken in FY 2004 went far in informing the evolution of the new USAID/Morocco Democracy and Governance strategy that underpinned SO 13 and which began in late FY 2004.

Almost all activities under the above two strategic objectives and three special objectives were successfully closed-out before or as of the end of the fiscal year. Some activities are continuing under the new economic growth strategic objective (SO 11), as planned, to contribute to the achievement of its results. Progress under the new strategic objectives is summarized below.

-- Increased economic growth and job creation (Strategic Objective 11): After final approval in January 16, 2004, USAID successfully negotiated and signed a \$38.4 million, five year Strategic Objective Agreement with the Government of Morocco on April 30, 2004, of which \$26.4 million in Development Assistance funds and \$12 million in Economic Support Funds. Subsequently, USAID Morocco initiated the design of three separate but complementary programs whose intermediate results are: 1) increased productivity in agriculture and agribusiness; 2) the creation of new business opportunities in areas outside of agriculture and agribusiness; and 3) an improved business environment. A contract for the first program will be awarded by late December 2004 or early January 2005, while the other two will be contracted in early 2005.

-- Improved education and training for employment (Strategic Objective 12): Since the SO approval in January 2004 and during the remainder of the year under review, USAID finalized the design of the new SO and launched a major procurement through full and open competition. The contract was awarded after the fiscal year ended. Concurrent to this major procurement, USAID launched two new highly visible start-up activities for the new SO, including a GDA public-private partnership between USAID, CISCO, UNIFEM and the GOM, entitled Achieving E-equality in Information Technology and the National Education Accounts (NEA) pilot project with the Ministry of National Education (MNE).

-- Improved government response to citizen's needs (Strategic Objective 13): Similarly, this SO was approved in January 2004. During the rest of the fiscal year, the SO team finalized the design and for assistance to the parliament under the Legislative Strengthening Indefinite Contract, which was awarded at the end of FY 2004. In addition, the SO team began work on the design of the new local government program based partly on the experience and results of SpO 9. Programming continued from the previous SpO 9 to improve government responsiveness to the needs of women. The adoption in FY 2004 of the revised family law requires increased awareness of these new and expanded rights for women on the part of many government officials and Moroccan women alike. Successful dissemination of information and expansion of legal literacy will go far in assuring these new rights are respected.

It should be noted that, as of 2004, 22 Middle East Partnership Initiative (MEPI) activities were implemented in Morocco through USAID mechanisms, of which 18 were directly managed by USAID/Morocco in the political, economic, education and women pillars. Total Morocco-specific commitments/earmarks amounted to \$16,624,000, including multi-country programs. Although about half of MEPI funds transferred to USAID/Morocco was obligated under existing or new agreements, unilateral commitments have increased dramatically the number of management units. This is overtaxing Mission capacity to implement efficiently and manage for results. In addition to operational challenges, USAID/Morocco faces programmatic challenges, as an internal audit demonstrated that not all of the MEPI-funded activities contribute to its strategic objectives and performance indicators were not defined. The quick-response nature of selected activities is not always consistent with the need for sustainability.

Results Framework

608-001 Reduced Fertility and Improved Health of Children Under 5 and Women of Child-Bearing Age

608-002 Improved Water Resources Management in the Agricultural, Urban and Industrial Sectors

608-005 Increased Opportunities for Domestic and Foreign Investment

SO Level Indicator(s):

Time needed to complete a case in pilot commercial court

Time needed to register a new business.

1 Improved legal, administrative, regulatory and policy environment for private sector development.

2 Strengthened capacity of selected institutions to foster private sector development.

608-006 Improved Water Resources Management in the Souss-Massa River Basin

SO Level Indicator(s):

Indicator 1: Number of critical enabling conditions achieved to improve water resources management in the Souss-Massa.

IR 6.1 Institutions and policies for water resources management improved.

IR 6.2 Best practices in water resources management developed and disseminated.

IR 6.3 Non-government participation in water resources management increased.

608-007 Key Interventions Promote Sustainability of Population, Health and Nutrition Programs in Morocco

SO Level Indicator(s):

7.0.3 Improved Policy environment supports sustainability of reproductive and child health services

IR 7.1 Effective decentralized management of primary health care services established on a pilot basis

IR 7.2 Use of Private sector reproductive and child health (RCH) services increased

608-008 Increased Attainment of Basic Education among Girls in Selected Rural Provinces

SO Level Indicator(s):

Girls completion rate - grade 6

Girls enrollment ratio - grade 6

Number of the 18 SpO8-developed modules adopted by the MNE

8.1 Improved School Environment

8.1.1 Improved Teaching Skills

8.1.2 Increased village/commune Support for Girls Education

8.1.3 Improved Educational Management at the Provincial Level

608-009 Increased Capability and Active Participation of Civil Society in Support of Citizen Rights

SO Level Indicator(s):

Improve national and local governance

Increase development of a politically active civil society

Strengthen rule of law and human rights

608-010 Making Communities Work

608-011 Increased Opportunities for Trade and Investment

SO Level Indicator(s):

Foreign Direct Investment in Morocco

Household expenditures in assisted regions

Jobs created in assisted regions

Trade with the United States

11.1 Increased Productivity in Agriculture and Agribusiness

11.2 Business Opportunities outside of Agriculture and Agribusiness Expanded

11.3 Business Environment Improved

608-012 Improved Education and Training for Employment

SO Level Indicator(s):

Percent increase of graduates with portable and adaptable skills

Percent of target beneficiaries employed

12.1 Students graduate Grade 9 with portable and adaptable skills

12.2 Increased Job-related skills in target populations

608-013 Improved Government Responsiveness to Citizens